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SUBJECT: PRESIDENT MEETS WITH COMMISSION OF EMINENT PERSONS

REF: SAN JOSE 01819

1. (SBU) Summary. On August 29, 2005, President Pacheco met with four of the five members of the Commission of Eminent Persons regarding their progress on reviewing the text of the U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR). Franklin Chang, head of the Commission, stated that the Commission has decided to expand the topics on which it will focus, but still plans to submit its report to the President by September 16, 2005. Although the Commission has not studied the complementary agenda and implementation legislation for CAFTA-DR due to their incomplete status, Chang stated that the role these projects will play will be very important and will need to be implemented carefully and appropriately. Whatever the Commission's recommendation, the ultimate decision will be left to President Pacheco as to whether or not to send CAFTA-DR to the Assembly before he leaves office. End Summary

2. (U) According to Chang, the Commission has met with at least 30 people to consult with and hear their views about CAFTA-DR. We note that with the exception of Anabel Gonzalez, the ex-lead Costa Rican negotiator of the agreement, and the "Chamber of Chambers" (the Union of Costa Rican Chambers and Private Sector Associations--UCCAEP, <http://www.uccaep.or.cr>), the Commission has met exclusively with CAFTA-DR opponents. These include Albino Vargas, President of the approximately 15,000-member National Association of Private and Public Employees (ANEP) who is vehemently against CAFTA-DR, and Otton Solis, the presidential candidate of the left-leaning Citizens' Action Party (PAC), whose official position is to pursue renegotiation of the agreement. Chang also stated that the Commission has received hundreds of e-mails each day from citizens about CAFTA-DR.

3. (U) In addition to the thirteen topics on which the Commission previously stated they would focus (Reftel), Chang said the Commission will look at (1) the possibility of sending CAFTA-DR to a national referendum, (2) the option of renegotiating the agreement, (3) the option of withdrawing from the agreement once it is already entered into force, and (4) the status of approvals in the other CAFTA-DR signatory countries.

4. (U) In the August 30, 2005 edition of "La Republica," Chang referred to the need to learn more about the complementary and implementation agendas. "The Commission of Eminent Persons is studying the topic of the agendas because they are not completely clear to us. They are still being defined. These projects should be used to better prepare the country and, therefore, it is necessary to study them with care," said Chang. Chang specifically referred to the need to improve the global competitiveness of Costa Rican companies, to upgrade roads, highways, and ports, and to streamline the country's customs-clearing capabilities.

AFTER THE COMMISSION DELIVERS ITS REPORT

5. (U) After the Commission delivers its report to the President on September 16, 2005, the Commission will present its findings to the various Ministers of the Cabinet. This could occur as early as September 20.

6. (U) On August 29, 2005, the Administration submitted to the Assembly general information, including the funding sources, on the complementary agenda. The implementing legislation that should ensure compliance with CAFTA-DR requirements in the telecommunications and insurance industries has not yet been officially submitted to the Assembly, and the status of these projects is unclear to Post. The GOCR reportedly plans to submit the insurance-related legislation imminently, and the telecommunications-related legislation in November 2005.

COMMENT

17. (SBU) Two pro-CAFTA-DR participants in the Commission interviews held last week told us they believe the Commission is trending toward a pronouncement along the lines of: "The agreement is basically positive and can be `fixed' if we do x, y, and z." They could for instance say that there should be some trade adjustment assistance in the complementary agenda, which now focuses entirely on competitiveness issues.

18. (SBU) In the end, the ball will be back where it has always been, with the President. Still unknown is how President Pacheco will incorporate the Commission's report into his decision-making process. How he chooses to `spin' the report will be telling and perhaps decisive regarding his intentions to send CAFTA-DR to the Assembly during his Administration. He will undoubtedly use the Commission's report to justify whatever course of action he ultimately decides to take.
FRISBIE